
AUDIT REPORT LAG IN BANKING COMPANIES: AN INDONESIAN EVIDANCE

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Abstract

The information contained in a company's financial reports can be useful if it is presented accurately and on time when needed by users of financial reports such as creditors, investors, auditors, government, society, and other parties as a basis for making decisions. The inaccuracy of the audit report (audit report lag) will have an impact on the company's credibility. Timeliness in completing a financial report audit is seen from the date of the company's financial report to the date of the independent auditor's report. This research was conducted to determine the effect of profitability, solvency, company size, auditor reputation, and audit opinion on audit report lag in banking companies listed on the Indonesia Stock Exchange in 2020-2022.

The population in this research is 47 banking companies registered on the IDX in 2020-2022. The sample in this research was 4 companies determined based on the purposive sampling method. The analysis technique used in this research is multiple linear regression analysis.

The results of this research show that the variables profitability, company size, and auditor reputation have a negative effect on audit report lag, while solvency and audit opinion do not affect audit report lag in banking companies listed on the Indonesia Stock Exchange in 2020-2022.

Keywords: Audit report lag, profitability, solvency, company size, auditor reputation, audit opinion

Abstrak

Informasi yang terdapat dalam laporan keuangan suatu perusahaan dapat bermanfaat apabila disajikan secara akurat dan tepat waktu saat dibutuhkan oleh para pengguna laporan keuangan seperti kreditor, investor, auditor, pemerintah, masyarakat, dan pihak lainnya sebagai dasar pengambilan keputusan. Ketidakakuratan laporan audit (audit report lag) akan berdampak pada kredibilitas perusahaan. Ketepatan waktu penyelesaian laporan audit keuangan dilihat dari tanggal laporan keuangan perusahaan sampai dengan tanggal laporan auditor independen. Penelitian ini dilakukan untuk mengetahui pengaruh profitabilitas, solvabilitas, ukuran perusahaan, reputasi auditor, dan opini audit terhadap audit report lag pada perusahaan perbankan yang terdaftar di Bursa Efek Indonesia tahun 2020-2022.

Populasi dalam penelitian ini adalah 47 perusahaan perbankan yang terdaftar di BEI tahun 2020-2022. Sampel dalam penelitian ini sebanyak 4 perusahaan yang ditentukan berdasarkan metode purposive sampling. Teknik analisis yang digunakan dalam penelitian ini adalah analisis regresi linier berganda. Hasil penelitian ini menunjukkan bahwa variabel profitabilitas, ukuran perusahaan, dan reputasi auditor berpengaruh negatif terhadap audit report lag, sedangkan solvabilitas dan opini audit tidak berpengaruh terhadap audit report lag pada perusahaan perbankan yang terdaftar di Bursa Efek Indonesia tahun 2020-2022.

Kata kunci: Audit report lag, profitabilitas, solvabilitas, ukuran perusahaan, reputasi auditor, opini audit

INTRODUCTION

Financial statements are the result of the accounting process and serve as a communication tool among business entities. These statements encompass the financial information records of a company during an accounting period, which can be utilized to depict the company's performance in that specific timeframe. Financial statements must be relevant, reliable, and easy to comprehend to facilitate decision-making (Yantri, K. D. P., Merawati, L. K. & B, 2020)

The information contained in a company's financial statements proves beneficial when presented accurately and promptly, meeting the needs of financial statement users such as creditors, investors, auditors, government entities, the public, and other stakeholders, serving as a basis for decision-making. Based on the attachment to the Decree of the Chairman of the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) Number: KEP346/BL/2011 regarding the Submission of Financial Reports by Issuers or Public Companies, it states that annual financial reports are to be submitted to Bapepam and Financial Institutions and disclosed to the public no later than the end of the third month after the date of the annual financial report. On August 1, Bapepam-LK made improvements by issuing an attachment to the Decree of the Chairman of Bapepam-LK Number: KEP-431/BL/2012 concerning the Submission of Annual Reports by Issuers or Public Companies, stating that every publicly listed company on the Indonesia Stock Exchange is obliged to submit annual financial reports to Bapepam and Financial Institutions no later than 4 (four) months after the end of the fiscal year.

This regulation came into effect at the beginning of the year 2013. Companies that do not comply with the regulations established by the Capital Market and Financial Institutions Supervisory Agency (Bapepam) will be subject to administrative sanctions amounting to IDR 1,000,000.00 (one million Indonesian Rupiah) per day, with a maximum fine of IDR 500,000,000.00 (five hundred million Indonesian Rupiah), by Government Regulation No. 45 of 1995 for every publicly listed company on the Indonesia Stock Exchange (Fitria, A., 2019). Therefore, transparency in financial reporting is highly necessary.

In addition to transparency, the timeliness of submitting financial reports that have been audited by external auditors is crucial for financial statement users. Auditors are independent and objective entities tasked with evaluating a company's performance as presented in the financial statements. The financial statement audit aims to provide an opinion on the fairness and compliance of the financial statements with applicable principles. The audit report lag has an impact on the credibility of the company. The audit report lag can serve as an indicator of the amount of time auditors require to fulfill their audit tasks. Timeliness in completing the financial statement audit is assessed from the company's financial statement date to the date of the independent auditor's report. According to International Standard Audits (ISA) 560, paragraph five (Yunita, et al 2020); the financial statement date is the last date within the period covered by the financial statements, while the auditor's report date is the date on which the auditor signs their report on the financial statements.

The time difference between the company's financial statement closing date and the date of the independent auditor's report is often referred to as the audit report lag. The longer it takes for the auditor to complete the audit, the longer the audit report lag, and consequently, the longer the publication of the company's financial statements. Delays in presenting financial statements are suspected to indicate issues within the issuer's financial reports and may lead to negative market reactions. Therefore, auditors are urged to reduce the audit report lag to eliminate any negative perceptions that the company may receive.

Table 1. Banking Companies Experiencing Audit Report Lag on the Indonesia Stock Exchange (IDX) for the Years 2020-2022.

Company Name	Audit Report Lag		
	2020	2021	2022
PT Bank Mayapada Internasional Tbk	13	1	1
	9	17	00

Source: www.idx.co.id

Based on the data above from 47 companies listed on the Indonesia Stock Exchange from 2020 to 2022, there was one company that reported its audit late in 2021, namely PT Bank Mayapada Internasional Tbk. During the research period from 2020 to 2022, which corresponds to the COVID-19 pandemic, banking companies were also adversely affected by the global economy. The role of banking is integral to economic growth, as it is one of the financial institutions that significantly influence the development of a country's economy.

Profitability is the ability of a company to generate profits from sales, assets, and its capital in a specific period. High profitability indicates good company performance, which is positive news, prompting the company to promptly publish its annual financial reports. Profitability is measured using return on assets (ROA). Based on research conducted by Fitriana, (2017), profitability has a positive and significant impact on audit report lag. Companies with high profitability tend to publish their reports promptly because it enhances the company's value in the eyes of stakeholders. This finding contrasts with the research conducted by (Fitria, A., 2019), which concluded that profitability does not influence audit report lag.

In addition to profitability, several factors influencing Audit Report Lag include internal factors such as solvency and company size, as well as external factors such as auditor reputation and audit opinion.

Solvency is the company's ability to meet its obligations, both short-term and long-term debts. Solvency is measured by the ratio of total debt to total assets. According to the research conducted by Rahmah, (2018), solvency has a positive and significant impact on Audit Report Lag. However, this finding contrasts with the study by Albitar Septian Syariefudin, (2020), which states that solvency does not affect Audit Report Lag.

Company size refers to the magnitude of a company, as seen through the extent of assets it possesses. In a study conducted by Fitriana, (2017), company size has a positive impact on Audit Report Lag. Company size is a function of the speed of financial reporting because larger companies tend to report audited financial results more quickly. This is attributed to their abundant sources of information and effective internal control systems, which reduce the likelihood of errors in financial statement preparation and facilitate auditors in conducting financial statement audits. However, this finding contrasts with the research conducted by Agam (2019), which states that company size does not have a significant influence on Audit Report Lag.

Auditor reputation is the condition where an auditor is responsible for maintaining both their reputation and the reputation of the Public Accounting Firm (KAP) where they work by issuing opinions that accurately reflect the true condition of the company. According to the research conducted by Albitar Septian Syariefudin, (2020), auditor reputation has a negative impact on Audit Report Lag. The greater the auditor's reputation, the shorter the time it takes to complete the audit report. However, according to the findings of Ayuningtyas , M. I., & Riduwan (2020), auditor reputation has a positive effect on Audit Report Lag. This is because auditors with a good reputation tend to be more detailed in the audit process, often leading to delays in presenting the audit report, especially for companies with accounting data structures

that are not well-supported by technology-based information systems.

Audit opinion is the auditor's judgment regarding the fairness of a company's financial statements, in all material respects, based on their compliance with generally accepted accounting principles. Audit opinions are a crucial source of information to be considered by financial statement users. According to research conducted by Albitar Septian Syariefudin, (2020), Audit Opinion significantly influences Audit Report Lag. However, another study by Abdul Nasser et al, (2020) suggests that Audit Opinion does not have a significant impact on Audit Report Lag. This is because the type of auditor opinion represents either good or bad news about the managerial performance of a company and is not a decisive factor in the timeliness of audit reporting.

Previous research, conducted by Fitriana, (2017), and Albitar Septian Syariefudin, (2020), stated that profitability, solvency, and company size as internal factors have a positive impact on Audit Report Lag. On the other hand, earlier studies by Susanti, (2021), and Fitria, A., (2019) suggested that profitability, solvency, and company size have a negative impact on Audit Report Lag.

From external factors, namely auditor reputation and audit opinion, it is stated that they significantly influence Audit Report Lag, according to the research by Abbas, (2019), Albitar Septian Syariefudin, (2020), and Rahmah, (2018). However, earlier studies by Fitriana, (2017) and Sarigh (2018) suggested that auditor reputation and audit opinion do not have a significant impact on Audit Report Lag.

Due to differing and inconsistent results, the researcher is motivated to re-examine the influence of profitability, solvency, company size, auditor reputation, and audit opinion on Audit Report Lag in Banking Companies listed on the Indonesia Stock Exchange (BEI) for the years 2020-2022.

LITERATURE REVIEW

Agency Theory

Agency theory is used to explain the relationship between the company owner (agent) and the shareholders (principal) who have authority in decision-making, with management responsible for managing the company's wealth and preparing the company's financial reports (Jensen & Meckling, 1976). The emergence of conflicts of interest between the principal and agent can be caused by asymmetric information. When connected to audit report lag, agency theory suggests that the principal oversees the agent through auditing activities conducted by independent parties and promptly reports the audit results. This timely reporting is crucial because financial statements are needed for decision-making by stakeholders (investors) regarding the company. Timely presentation of audited financial reports can reduce errors that lead to information asymmetry.

Signaling Theory

Signaling Theory explains how companies should signal information to financial statement users. These signals can take the form of information. Signaling Theory posits that high-quality companies will intentionally signal the market, with the expectation that the market can differentiate between high and low-quality companies. For the signal to be effective, it must be captured and well-perceived by the market and not easily imitated by low-quality companies (Dewangga, 2015). When Signaling Theory is associated with audit report lag, the longer the audit report lag, the greater the uncertainty in stock price movements. Companies signal the presence of useful information needed for investor decision-making. Investors may interpret a prolonged audit report lag as the company having bad news, considered a negative signal because it delays the publication of its audited financial statements, leading to a decline in the company's stock price.

Audit Report Lag

Audit report lag is the duration of time it takes to complete an audit, measured from the

closing date of the fiscal year to the issuance date of the audit report (Liwe, Manossoh, 2018). The timeframe for completing the annual financial statement audit is measured based on the number of days required to obtain the independent auditor's report on the company's financial statements from the company's fiscal year-end, which is December 31, until the date stated on the independent auditor's report.

1. Profitability

ROA (Return on Assets) is a ratio that compares net income to total assets, indicating how much net income a company generates relative to its total assets. Broadly speaking, a company's profits come from sales and investments. This research calculates profitability using Return on Assets (ROA), which measures the company's ability to generate profits based on a certain level of assets.

2. Solvency

Solvency is the company's ability to meet all obligations, both short-term and long-term. In this research, solvability is proxied by the Debt to Assets Ratio (DAR). This ratio is used to measure the comparison between total debt and total assets.

3. Company Size

Company size is a measure that indicates the magnitude of a company, marked by various metrics such as total sales, total assets, log size, number of employees, market value of the company, and book value of the company. Larger-scale companies tend to have more transactions and complexity, which may lead to audit report lag in financial reporting. This research uses the total assets owned by the company as a measure of company size.

4. Auditor Reputation

To fulfill obligations regarding the publication of annual reports, a company will require the services of a Public Accounting Firm (KAP). Additionally, to ensure the credibility of these annual reports, companies tend to engage the services of a reputable and well-established KAP. Accounting firms with a good reputation are considered capable of conducting audits more efficiently and possess a higher level of schedule flexibility to complete audits promptly.

5. Audit Opinion

Audit opinion is the judgment issued by an auditor regarding the fairness of audited financial statements, in all material aspects, based on the compliance of the financial statements with generally accepted accounting principles (Rani, E. H., & Tiani, 2021). The auditor's opinion on the audited financial statements serves as a benchmark and a basis for decision-making.

HIPOTESIS

H₁: Profitability has a positive effect on audit report lag in banking companies listed on the Indonesia Stock Exchange in the years 2020-2022.

H₂: Solvency has a positive effect on audit report lag in banking companies listed on the Indonesia Stock Exchange for the years 2020-2022.

H₃: Company size has a positive influence on audit report lag in banking companies listed on the Indonesia Stock Exchange from 2020 to 2022.

H₄: The auditor's reputation has a negative impact on audit report lag in banking companies listed on the Indonesia Stock Exchange from 2020 to 2022.

H₅: Audit opinion has a negative impact on audit report lag in banking companies listed on the Indonesia Stock Exchange from 2020 to 2022.

RESEARCH METHODS

This research was conducted on the Indonesia Stock Exchange by accessing the official IDX website at www.idx.co.id. The research objects in this study are the annual reports of banking companies listed on the IDX for the years 2020-2022. The dependent variable used is audit report lag, while the independent variables are profitability, solvability, company size, auditor reputation, and audit opinion.

Operational Definition of Variables

(1) *Audit report lag* (ARL)

In this research, audit report lag is measured from the closing date of the fiscal year, which is December 31, to the issuance date of the independent auditor's report.

(2) *Profitability* (ROA)

In this study, profitability is measured using the formula of net income divided by total assets multiplied by 100%.

(3) *Solvency* (DAR)

In this study, solvency is measured by the formula of total debt divided by total assets.

(4) *Company Size* (UP)

In this study, company size is measured by the total assets value of a company.

(5) *Auditor Reputation* (RA)

In this research, auditor reputation is measured by categorizing companies that engage the services of Public Accounting Firms (KAP) affiliated with the Big Four as dummy value 1, while companies using services other than those affiliated with the Big Four are given a dummy value of 0.

(6) *Audit Opinion* (OA)

In this study, audit opinion is measured with the category of companies receiving an unqualified opinion coded as dummy 1, while for opinions other than unqualified (unqualified opinion), it is coded as dummy 0.

Types and Sources of Data

The types of data used in this study are quantitative and qualitative data. The data source employed is secondary data obtained from the annual reports of banking companies listed on the Indonesia Stock Exchange for the years 2020-2022 through the website www.idx.co.id.

Population and Sample

The population in this study consists of banking companies listed on the Indonesia Stock Exchange (IDX) from 2020 to 2022, totaling 47 companies. The sample selection in this study uses the purposive sampling method, which involves taking samples based on specific criteria. As a result, the final sample in this study consists of 43 companies observed over 3 years, making a total of 129 observations.

Data Collection Method

The data collection method in this study is documentation. Documentation is a record of past events (Sugiyono, 2018). With this method, all data is obtained by collecting information through observation, recording, and studying the descriptions from the annual reports of banking companies listed on the IDX for the years 2020-2022. This data is used to determine the company's size, calculate profitability, calculate solvability, determine auditor reputation, and ascertain audit opinions.

Data Analysis Techniques

The data analysis techniques used include descriptive statistical analysis, classical assumption tests (normality test, multicollinearity test, autocorrelation test, heteroskedasticity test), multiple linear regression, F-test, coefficient of determination (R²), and t-test. The regression equation used in this study is:

$$\begin{aligned} \text{ARL} = & \alpha + \beta_1 \text{ROA} + \beta_2 \text{DAR} + \beta_3 \text{UP} + \beta_4 \text{RA} \\ & + \beta_5 \text{OA} + e \dots \quad (1) \end{aligned}$$

RESULT AND DISCUSSION

Descriptive Statistics

Table 2. Descriptive Statistics Results

Descriptive Statistics					
	M inimum	M aximum	M ean	d. e	St Deviation
RL	29	18 ,00	13 9,00	5,5349 8, 0	28, 50961 3,2
OA	29	18,06	41 0, 0	,2680 0, 0	4898 0,1
AR	29	12 2,	94 19	,7580 2	9086 413
P	29	18 0,	92,54 1,	01,5430 0	,35417 0,5
A	29	00 0,	00 1,	,4961 0	0193 0,3
A	29	00	00	,8760	3090

Source: Appendix 3 (processed data).

Classical Assumption Test Normality Test

Table 3. Results of the Normality Test

One-Sample Kolmogorov-Smirnov Test	
N	129
Test Statistic	0,045
Asymp. Sig. (2-tailed) ^c	0,200

Source: Appendix 5 (processed data).

Based on Table 3, the value of the Kolmogorov-Smirnov (K-S) is 0.045, and the significance level is $0.200 > 0.050$. Therefore, it can be concluded that the data in the regression model is normally distributed, and further analysis can proceed.

Multicollinearity Test

Table 4. Results of the Multicollinearity Test

Variable	Toleran	VII
ROA	0,850	1,1
DAR	0,860	1,1
UP	0,726	1,3
RA	0,817	1,2
	24	
	<u>0,923</u>	<u>1,083</u>

Source: Appendix 4 (processed data).

Based on Table 4, it can be observed that the variable ROA has a tolerance value of 0.850 with a VIF of 1.176; the variable DAR has a tolerance value of 0.860 with a VIF of 1.163; the variable UP has a tolerance value of 0.726 with a VIF of 1.378; the variable RA has a tolerance value of 0.817 with a VIF of 1.224; while the variable OA has a tolerance value of 0.923 with a VIF of 1.083. The tolerance values for all independent variables are above 0.1, and the VIF values are less than 10. Therefore, it can be concluded that the regression model created does not exhibit symptoms of multicollinearity, and thus, the model is deemed suitable for use.

Autocorrelation Test

Table 5. Results of the Autocorrelation Test
Model Summary^b

Durbin-Watson	1,985
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Source: Appendix 4 (processed data).

Based on Table 5, the Durbin-Watson statistic is obtained as 1.985. With a sample size (n) of 129 and the number of independent variables (k) being 5 at a significance level of 0.05, the critical values are calculated as dL = 1.6329 and dU = 1.7937, and the value of 4- dU = 2.2063. The comparison shows that $1.7937 < 1.985 < 2.2063$, indicating that there is no autocorrelation in the model. Therefore, it can be concluded that the model is appropriate for use.

Heteroskedasticity Test

Table 6. Results of the Heteroskedasticity Test

Variable	Significance
ROA	0,721
DAR	0,185
UP	0,297
RA	0,387
OA	0,751

Source: Appendix 6 (processed data).

Based on Table 6, it is evident that there is no influence of independent variables on absolute residuals, as indicated by the significance values of each tested variable being greater than 0.05. This can be observed from the significance values of the variables: ROA at 0.721, DAR at 0.118574, UP at 0.297,

RA at 0.387, and OA at 0.751. Therefore, the model created does not exhibit symptoms of heteroskedasticity and is deemed suitable for use.

Multiple Linier Regression

Table 7. Results of Multiple Linier Regression
Coefficients^a

Model	Unstandardized		Stand	
	Coefficients	ardized	Coefficients	ig.
	td. Error	S	Beta	
ant)	(Const	1		
	3,359	1,137		
	ROA	0		
	1,739	,693	0,198	2,510
	DAR	1	0,025	,013
	,793	1,730	,323	,747
	UP	0		
	0,029	,006	0,427	4,999
	RA	4		
	10,209	,575	0,180	2,231
	OA	6		
	10,537	,527	0,122	1,614
			,109	
	R			,590
				,348
	R Square			
				,322
Adjusted R				
				13,1
Square				
	F value			
		36		
				,001
	F Significance			

Source: Appendix 4 (processed data).

Based on Table 7, the regression equation obtained is as follows:

$$ARL = 83,359 - 1,739\text{ROA} + 3,793\text{DAR} - 0,029\text{UP} - 10,209\text{RA} - 10,537\text{OA}... \quad (2)$$

Based on the formed multiple regression model, the results can be interpreted as follows:

(1) Constant

The constant value obtained is 83.359, indicating that when all five independent variables, namely profitability (ROA), solvency (DAR), firm size (UP), auditor reputation (RA), and audit opinion (OA), are considered constant (having a value of 0), the dependent variable, audit report lag (ARL), is 83.359.

(2) Profitability (ROA)

The coefficient value for the profitability variable is -1.739 with a significance level of $0.013 < 0.05$. This implies that if profitability increases by one unit, the value of the lagged audit report decreases by 1.739 units, assuming that other variables remain constant.

(3) Solvency (DAR)

The coefficient value for the solvency variable is 3.793 with a significance level of $0.747 > 0.05$. This indicates that solvency does not have a significant impact on the audit report lag.

(4) Company Size (UP)

The coefficient value for the company size variable is -0.029 with a significance level of $0.001 < 0.05$. This implies that if the company size increases by one unit, the audit report lag value decreases by 0.029 units, assuming that other variables remain constant.

(5) Auditor Reputation (RA)

The coefficient value for the auditor reputation variable is -10.209 with a significance level of $0.027 < 0.05$. This implies that if the auditor's reputation increases by one unit, the audit report lag value decreases by 10.209 units, assuming that other variables remain constant.

(6) Audit Opinion (OA)

The coefficient value for the audit opinion variable is -10.537 with a significance level of $0.109 > 0.05$. This implies that the audit opinion does not have a significant effect on the audit report lag.

F Test

Based on Table 7, the calculated F value is 13.136 with an F significance of $0.001 < 0.050$. This indicates that profitability, solvency, company size, auditor reputation, and audit opinion simultaneously influence the audit report lag.

Coefficient of Determination (R^2)

According to Table 7, the obtained value of adjusted R square (R^2) is 0.322 or 32.2%. This indicates that the influence of profitability, solvency, firm size, auditor reputation, and audit opinion on audit report lag is 32.2%; while the remaining 67.8% is influenced by other factors outside the model. **T Test**

Based on Table 7, the following information is obtained:

1) Influence of profitability on audit report lag

The t-test results indicate that profitability has a calculated t-value of -2.510 with a significance level of $0.013 < 0.050$, meaning that profitability has a negative effect on audit report lag, thus rejecting H1.

2) Influence of solvency on audit report lag

The t-test results indicate that solvency has a calculated t-value of 0.323 with a significance level of $0.747 > 0.050$, meaning that solvency does not have a significant effect on audit report lag, thus rejecting H2.

3) Influence of firm size on audit report lag

The t-test results indicate that firm size has a calculated t-value of -4.999 with a significance level of $0.001 < 0.050$, meaning that firm size has a negative effect on audit report lag, thus rejecting H3.

4) Influence of auditor reputation on audit report lag

The t-test results indicate that auditor reputation has a calculated t-value of -2.231 with a significance level of $0.027 < 0.050$, meaning that auditor reputation has a negative effect on audit report lag, thus accepting H4.

5) Influence of audit opinion on audit report lag

The t-test results indicate that audit opinion has a calculated t-value of - 1.614 with a significance level of $0.109 > 0.050$, meaning that audit opinion does not have a significant effect on audit report lag, thus rejecting H5.

DISCUSSION

The influence of profitability on audit report lag.

Profitability is the ability of a company to utilize all available resources within the company to generate future profits. The first hypothesis states that profitability has a positive influence on audit report lag in banking companies listed on the Indonesia Stock Exchange from 2020 to 2022. The t-test results indicate that profitability has a calculated t-value of -2.510 with a significance level of $0.013 < 0.050$, meaning that profitability has a negative effect on audit report lag, thus rejecting H1. This implies that the higher the profitability of banking companies, the lower the audit report lag. Conversely, a decrease in profitability will lead to an increase in audit report lag.

When related to agency theory, shareholders (principals) will demand that management (agents) be able to generate high profitability. This is because high profitability indicates the success of management in generating high profits for shareholders. The higher the profitability, the greater the trust of shareholders in the management. Shareholders acknowledge good management performance, leading to high profitability. Meanwhile, when associated with signaling theory, a banking company with high profitability is considered good news for users of its financial statements, such as shareholders or investors. High profitability also attracts investors to invest their capital in the banking company. Companies experiencing losses tend to undergo a longer audit process because auditors will be more cautious in auditing the financial statements of the company. Auditors tend to take longer to audit financial statements for companies experiencing losses because such companies usually face internal issues, causing auditors to be extra careful in the audit process for companies with low profitability compared to those with high profitability. Thus, the profitability of banking companies negatively affects audit report lag in banking companies listed on the Indonesia Stock Exchange from 2020 to 2022.

This is in line with research conducted by Gaol, R. L., & Duha, (2021), Ananda, S., Andriyanto, W. A., & Sari, (2021), and (Meidiyustiani, R., & Febisianigrum, 2020), which obtained results indicating that the profitability of banking companies has a negative impact on audit report lag.

The influence of solvency on audit report lag.

Solvency represents a company's ability to meet all its obligations. Solvency indicates the amount of capital invested by shareholders to generate profit. The second hypothesis states that solvency has a positive effect on audit report lag in banking companies listed on the Indonesia Stock Exchange from 2020 to 2022. The t-test results show that solvency has a calculated t-value of 0.323 with a significance level of $0.747 > 0.050$, meaning that solvency does not have a significant effect on audit report lag, thus rejecting H2. This implies that the level of solvency of a company does not affect audit report lag.

When related to agency theory, shareholders (principals) may perceive that the company's management (agents) is unable to manage debt effectively because the amount of debt exceeds

the value of assets owned. High solvency indicates internal problems within the company, where the financial condition is unhealthy, posing a risk of bankruptcy for the company. This is considered bad news when associated with signaling theory. However, this study found that solvency does not affect audit report lag. Thus, even if a company has high or low solvency, the audit process proceeds according to procedures, and auditors do not treat banking companies with low or high solvency differently. This is because auditors have signed a preliminary engagement letter before conducting the audit process, making them fully responsible for the financial statements they are auditing. The appointed auditors have prepared the audit plan and allocated time according to the required timeframe to complete the audit process. Therefore, auditors strive to complete the audit process as quickly as possible, regardless of whether the company's solvency is low or high, and thus, the solvency of banking companies does not impact audit report lag.

This is in line with the research conducted by Cahyati, A. D., & Anita, (2019), Meidiyustiani, R., & Febisianigrum, (2020), as well as (Zuraya, 2021), which found that the solvency of banking companies does not affect audit report lag. Meanwhile, this study is not consistent with the research conducted by Oktrivina, A., & Azizah, (2022) and Agnika, M., Putra, S. S., (2021), which found that solvency has a positive effect on audit report lag.

The influence of company size on audit report lag.

Company size is a scale by which the magnitude of a company can be classified, considering various factors such as total assets, stock market value, and others. The third hypothesis states that company size has a positive effect on audit report lag in banking companies listed on the Indonesia Stock Exchange from 2020 to 2022. The t-test results indicate that company size has a calculated t- value of -4.999 with a significance level of $0.001 < 0.050$, meaning that company size has a negative effect on audit report lag, thus rejecting H3. This implies that the larger the size of a company, the shorter the audit report lag. Conversely, smaller-sized companies tend to experience longer audit report lags.

When associated with agency theory, a large-sized company is considered capable of providing positive feedback to shareholders, both in terms of the profits obtained and the company's image. Principals desire management to effectively run the company to maximize profits, while agents strive to manage the company to secure larger bonuses/incentives. These differing interests often result in information asymmetry. If linked to signaling theory, a large-sized company is considered good news as it implies rapid growth and superiority over its competitors. Banking companies falling into the category of large-scale enterprises tend to have more funds to engage competent and experienced auditors, providing additional incentives when auditors complete the audit process, consequently leading to a relatively short audit report lag. Additionally, large-sized companies have more human resources and advanced technology, impacting the timely and efficient provision of financial data needed by auditors. This facilitates the audit process to be completed within the agreed-upon timeframe.

This is in line with research conducted by Alfiani, D., & Nurmala, (2020), (V. Anggriani, 2017), as well as Lubis, R. H., Ovami, D. C., & Chairani, (2019), which obtained results indicating that the size of banking companies has a negative influence on audit report lag.

The influence of auditor reputation on audit report lag.

Auditor Reputation is the achievement and public trust held by an auditor based on the prominent name associated with the auditor. The fourth hypothesis states that auditor reputation has a negative impact on audit report lag in banking companies listed on the Indonesia Stock Exchange from 2020 to 2022. The t-test results show that auditor reputation has a calculated t- value of -2.231 with a significance level of $0.027 < 0.050$, indicating that auditor reputation has a negative impact on audit report lag, thus accepting H4. This implies that the better the auditor's reputation, the shorter the audit report lag. Conversely, the poorer an auditor's reputation in the eyes of the public, the relatively longer the audit report lag.

When associated with agency theory, employing the services of an auditor with a good reputation is one of the ways shareholders seek to obtain a prompt audit result for the financial statements prepared by management. Principals believe that auditors with a good reputation will produce high-quality audit results, while management needs to gather audit evidence to support a smooth audit process. If management fails to provide the required audit evidence, shareholders may suspect the management's performance in running the company. Engaging the services of an auditor with a good reputation is considered good news for shareholders because they anticipate that the audit process will proceed more quickly, avoiding audit report lag.

Companies audited by Public Accountants with a high reputation, such as the Big Four accounting firms, tend to publish their financial reports more quickly than those audited by non-Big Four firms. Additionally, large accounting firms (the Big Four) have more human resources and higher quality standards compared to non-Big Four firms. This is because large accounting firms have a large number of employees, enabling more effective and efficient audits, flexible schedules allowing timely completion of audits, and a stronger motivation to complete audits faster to maintain their reputation. The Big Four accounting

firms are trusted to have professional auditor performance, enabling them to complete audits on time and uphold the reputation of the accounting firm.

This is in line with research conducted by Meini, Z., & Nikmah, (2022), Niditia and Pertiqi (2021), as well as Christiane, G. S., Indrabudiman, A., & Handayani, (2022), which found that auditor reputation has a negative impact on audit report lag.

The influence of audit opinion on audit report lag.

Audit opinion is the judgment provided by an independent auditor regarding the financial statements presented by a company. Auditor opinions are classified into five categories: unqualified opinion, unqualified opinion with explanatory language, qualified opinion, adverse opinion, and disclaimer. The fifth hypothesis states that audit opinions have a negative impact on audit report lag in banking companies listed on the Indonesia Stock Exchange from 2020 to 2022. The t-test results indicate that audit opinion has a calculated t-

value of -1.614 with a significance level of

$0.109 > 0.050$, meaning that audit opinion does not have a significant effect on audit report lag, thus rejecting H5. This implies that the high or low nature of audit opinions does not influence audit report lag.

When related to agency theory, audit opinions are crucial for shareholders as they represent the conclusions of the audited financial statements, indicating whether management has been running the company properly and correctly or if there has been fraud in its management. When associated with signaling theory, management will convey the audit results that received an unqualified opinion to shareholders as quickly as possible because such news is considered good news. However, this study found that audit opinions do not influence audit report lag. The issuance of an audit opinion is the final stage in the audit process, so any type of audit opinion will not affect the length of the audit report lag. Companies may receive opinions other than an unqualified opinion not only due to material misstatements. For example, changes in engagements with another independent auditor could lead to a company receiving an unqualified opinion with an explanatory paragraph. Auditors will still follow the same procedures for issuing audit opinions on the company's financial statements, whether it is an unqualified opinion or an opinion other than an unqualified one, and this will not affect the duration of the audit process. Moreover, auditors strive to complete audits professionally to not disappoint the trust of companies that have chosen to collaborate with them, so any audit opinion issued by auditors will not affect the duration of the audit completion.

This is in line with research conducted by Yanthi, K. D. P., Merawati, L. K. & B, (2020), Saputra, A. D., Irawan, C. R., & Ginting, (2020), as well as Meidiyustiani, R., & Febisianigrum,

(2020) who found that auditor reputation has a negative effect on audit report lag. However, this study is not consistent with the research conducted by Yanthi, K. D. P., Merawati, L. K. & B, (2020) and Lestari, S. Y., & Nuryanto, (2018) who found that audit opinions have a positive effect on audit report lag.

CONCLUSION

- (1) Profitability has a negative impact on audit report lag in banking companies listed on the Indonesia Stock Exchange from 2020 to 2022.
- (2) Solvency does not have an impact on audit report lag in banking companies listed on the Indonesia Stock Exchange from 2020 to 2022.
- (3) Company size has a negative impact on audit report lag in banking companies listed on the Indonesia Stock Exchange from 2020 to 2022.
- (4) Auditor reputation has a negative impact on audit report lag in banking companies listed on the Indonesia Stock Exchange from 2020 to 2022.
- (5) Audit opinion does not have an impact on audit report lag in banking companies listed on the Indonesia Stock Exchange from 2020 to 2022.

RECOMMENDATION

- (1) Subsequent research can utilize companies from other financial sub- sectors, for instance, the insurance sub- sector, or even explore other sectors listed on the Indonesia Stock Exchange, such as the manufacturing sector.
- (2) Future research is recommended to include additional independent variables such as company age, operational complexity, and leverage.
- (3) The number of observation years should be extended to provide more comprehensive research findings.

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